



# SEVENTH ORDINARY GENERAL MEETING.

THE Seventh Ordinary Meeting of the members of this Institute was held on Friday evening, April 30th, at the Pall Mall Restaurant, WILLIAM HUMPHRY FREELAND, Esq., in the chair.

The Hon. SECRETARY having read the minutes of the previous meeting, the same were confirmed.

The CHAIRMAN said he was exceedingly sorry that the President of the Institute, the Duke of Manchester, was not able to be present that evening, and that it had not devolved upon someone to take the chair who was more competent than himself to deal with the very important, but at the same time difficult question, which his friend Mr. Haliburton had undertaken to read a paper upon. Mr. Haliburton had favoured them on a former occasion with a paper upon almost the same subject; and no doubt upon the present occasion they would have the benefit of his reconsideration, and probably enlarged experience, upon the matter. As he occupied the chair more as a learner than one competent to speak, he should not detain them with a speech, but would at once call upon Mr. Haliburton to read his paper.

## AMERICAN PROTECTION AND CANADIAN RECIPROCITY.

By ROBERT GRANT HALIBURTON, M.A.

Mr. Hamilton A. Hill, the late Secretary of the National Board of Trade of the United States, in a very sensible letter to the *Times*, suggests a striking picture of the present state of political and commercial affairs in the United States. It seems that the general commercial sentiment of the whole Continent is in favour, if not of *free*, at least of *fair* trade; but that the legislature of that country is practically in the hands of monopolists and of political rings. The teachings of experience seem lost upon the advocates of protection. Their empty shipyards suggest no warning to them that fostering ship-building by prohibitory duties is a failure. The falling off in the revenue of the United States, which well might cause patriotic Americans to pause and reflect, seems only to con-

firm these political economists in their course of treatment of the sick man that has resulted in such depletion and exhaustion. It may be as well, before we discuss the failure of the present commercial policy of the United States and its effects, to revert to the history of that country during the past few years.

In 1859 the United States was the envy of the world. Success such as had rarely fallen to the lot of a nation had not only dazzled themselves, but astonished the rest of the world. Their boundless territories, their myriads of acres of virgin prairie land, their mines of coal, iron, and gold, attracting emigrants from all parts of the world, returned a rich harvest to the treasury of the Republic. The nation had adopted a liberal and a prudent policy. It had annexed the whole of North America to the United States, if not as an integral portion of the Republic, at least as tributaries to its wealth. The Reciprocity Treaty threw open the markets of the United States to the raw products of British America. The dis-united and divided provinces of that country were substantially more closely united with their American customers than with the mother country or with each other. The lumbermen on the Ottawa and the Saguenay toiled through the long winters only to bring a harvest to American shippers and exporters. The fishermen of the St. Lawrence and of the Northern Atlantic were tributaries to the enterprise of Massachusetts merchants. The orchards of Acadia supplied raw fruit at a nominal price to Boston and New York, to be shipped abroad at a high price to European and foreign markets as American products. The gypsum deposits of Eastern British America became practically the property of the Americans. All these streams of raw products, pouring from a thousand sources, swelled into an enormous volume, which found its outlet in the foreign trade of the United States. Americans were rapidly competing successfully with the Mistress of the Seas for the first rank as a commercial power. Their clipper ships were unrivalled. In China, India, Japan, Australia, all over the globe, the English shipper found a new and formidable competitor in the self-reliant and prosperous American. In most of the South American markets, and in many of the islands of the West Indies, American enterprise secured a monopoly. Not less than sixty-two millions of dollars' worth of products that were peculiarly the growth of British America were shipped to the West Indian markets by the United States, every penny of which might have been successfully exported by the people of Canada, if they had had the enterprise and the self-reliance to enter the lists as competitors, or had been placed under the rod of some stern taskmaster that would have

forced them to depend upon themselves.\* The trade between Canada and the United States also assumed enormous dimensions. From every little harbour and creek along the extended seaboard of British America, small craft, built by farmers and manned by their sons, carried the raw products of British America to American ports, and brought back manufactures for home consumption. Everything that was required for domestic life, for agricultural purposes, or for manufacturers, was imported from the United States. For everything that the Canadians needed, from the very cradle that rocked the infant Bluenose, to the coffin that conveyed him to his grave, they were dependent upon the energy and the enterprise of Americans. To the people of the maritime provinces of British America, Boston was all that it claimed for itself, "the hub of the universe." To Ontario and Quebec, New York was the great emporium and metropolis.

Such a trade, while enormously advantageous to the United States, was not without its benefits to the people of British America. Until the passing of the Reciprocity Treaty the latter were practically without any markets, and the rich products of their forests, their seas, and their mines were of little commercial value. It was true that the Americans reaped the harvest, and that the Canadians were merely the gleaners; but so great was the prosperity of that period that even to be the "hewers of wood and drawers of water" to the great Republic was sufficient to ensure comfort and prosperity, if not wealth and affluence. It can well be imagined how intimate became the commercial and social relations of the two countries. The old jealousies of the "United Empire Loyalists" were rapidly dying out. The memory of the old war of 1812, like that of the still older War of Independence, was becoming a matter of tradition which was known only to the survivors of generations that had passed away. The influence, too, of the political as well as commercial prosperity of the United States dazzled the Canadians, as

\* In a pamphlet written by the author of this article, at the request of the Dominion Government, in 1868, entitled "Intercolonial Trade our only Safeguard against Disunion," a chapter entitled "An unlimited Market for Canadian Manufactures and Products in the West Indies and South America," was devoted to this subject, and gave full statistics on this point. It states that, among other exports, the Americans shipped in 1864 to those markets, 10,764,266 dols. worth of flour and bread; 6,053,443 dols. worth of timber, &c.; 2,755,301 dols. worth of manufactures of iron. "Nor is the field of enterprise limited to those markets. It extends to every country to which the Americans are now exporting. Their total exports in the following items were—Breadstuffs, 38,797,656 dols.; coal, 1,845,928 dols.; iron and manufactures of iron, 6,726,372 dols.; timber and manufactures of wood, 15,036,471 dols.; coal, oil, and petroleum, 24,397,308 dols.; provisions and tallow, 28,156,539 dols.; distilled spirits, 1,886,884 dols.; leather and leather goods, 1,049,643 dols.; tobacco and manufactures of, 22,671,126 dols."—a total of 140,538,827 dols.

it did the rest of the world. It was supposed, very naturally, that the marvellous extension of American trade, and the extraordinary prosperity of its agricultural, manufacturing, and maritime interests, were due to the vigour of republican institutions; and had this belief continued undisturbed a few years longer, it is difficult to say what influence these commercial and political sympathies might have had upon the future of the Continent; but in an evil hour, in the midst of their prosperity, a "lying spirit" was sent to tempt the American nation to do battle with its commercial allies, by the assurance that it would surely conquer.

This delusion was cultivated by selfish monopolists and by powerful interests, such as the great Pennsylvanian coal-owners and the timber-merchants of Maine, who found that the American consumer could rely upon Canada as well as upon the United States for cheap and serviceable articles. The manufactories and the homes of New England were supplied with cheap fuel from the mines of Nova Scotia, which, lying on the very seaboard, near accessible harbours, were enabled to supply American consumers on the Atlantic seaboard at a cost which defied competition on the part of the owners of Pennsylvanian coal mines, the heavy cost of railway transport to the seaboard rendering competition with the coal of Nova Scotia unprofitable. It therefore became desirable in their eyes to introduce a system of protection which should cut off the consumer from his cheap supplies of Colonial produce. To accomplish this, it was necessary to veil their cupidity under the garb of patriotism; monopolists, therefore, preached a commercial crusade against the people of Canada. Mr. Potter, the Consul-General at Montreal, discovered that the commercial relations between the United States and Canada were so intimate and so prosperous, that even a temporary suspension of them must bring the Canadians to their knees, and starve them into annexation. It should not be supposed for a moment that these gentlemen had any desire to turn their obnoxious competitors into fellow-countrymen. Annexation was the last thing they either hoped for or expected. By combining various powerful interests, and buying up the support of unprincipled politicians, a party in favour of protection succeeded in terminating the Reciprocity Treaty, and in cutting off the people of Canada from commercial intercourse with the United States. It was a bold step to take, but it was still more dangerous when they were engaged in a struggle the end of which no prudent man could pretend to foresee; but the same lying spirit that sent forth the jubilant volunteers for a three months' march, which was to bring them back victors of the South, deluded the people of the

United States into commencing a commercial struggle which they imagined was to end in six months in uniting the whole continent under American rule. The hopeful volunteers who went forth joyously on a "holiday excursion," never dreamed of Bull's Run, Gettysburg, and the score of battle-fields on which the South was destined to make so stout a stand for its independence. Had the North known what was before it, it is possible that it might have preferred to "let the erring sisters go in peace." There can be still less doubt that, had the Legislature of the United States foreseen the commercial struggle awaiting them, and the present evil hour that was to befall the commerce of their country, they might have hesitated before they passed the Rubicon and threw away the scabbard; but wise counsels were in vain; the step was taken, and the commercial war of annexation commenced.

It seems a marvel that a shrewd, sensible people like the Americans should not have foreseen how suicidal was the policy they were pursuing. They put up a barrier of not less than 25 per cent. against those very products which were necessary for their own export trade. The stream was stopped at its source, and American statesmen marvelled why the volume of their foreign trade dwindled away, their ships were idle, and their merchants bankrupt. Everything but the right thing was blamed. It was the *Alabama* and British cruisers that had driven American commerce from the seas; and yet, strangely enough, from 1860 to 1870 we find an almost uniform decline of American commerce.\* In 1865, at the

\* The following table shows the steady decline of American tonnage from 1860 to 1869:—

Year.	Excess of American over Foreign Tonnage.	Excess of Foreign over American Tonnage.
1860 .....	3,567,374	..
1861 .....	2,806,363	..
1862 .....	2,872,107	..
1863 .....	1,974,326	..
1864 .....	..	404,785
1865 .....	..	273,306
1866 .....	..	1,038,364
1867 .....	..	863,621
1868 .....	..	944,915
1869 .....	..	1,945,026

Mr. Hill, in a letter to the writer, states that "the tonnage of the United States employed in the foreign trade attained its highest point in 1861, when it was 2,642,628. The total tonnage of the American flag that year was 5,539,813. The tonnage employed in the domestic trade of the United States, coastwise, and on the lakes and rivers, reached its maximum in 1863, when it stood at 3,404,506. In 1872 the tonnage registered for the foreign trade was 1,410,648; the domestic tonnage was 3,027,099; total, 4,437,747." Hence by these figures it appears that the total tonnage in 1872 was 1,102,066 tons less than in 1861.

end of the war, the decline was even greater than in the previous years, though the *Alabama* was then at the bottom of the sea; nor was this decline limited to the ocean, where Anglo-Confederate pirates might be feared if they could not be seen. On the vast inland seas of the United States the decline was equally striking. Protection was at length accomplishing its mission. A thousand different selfish interests entered into a conspiracy against the American consumer and the Republic. It was not enough that the American nation must bear the heavy burden of war taxes. The additional burden was put upon them of contributing millions to the coffers of privileged interests under the plea of fostering native industry. As a matter of course, where every interest is protected, all alike must contribute to the cost of protection. If the coal-owner could raise the price of coal, he was obliged to pay a ruinous price for his timber as a *douceur* to his protectionist allies of Maine and New Hampshire. What went in at one pocket was by the exciseman taken out of the other. The great mass of the American people, however, only experienced the pleasures of one process—that of paying, and not of receiving. All articles of consumption and the necessities of life rose to an extravagant price; ship-builders were protected, but so were the owners of copper mines. The wood that the favoured shipbuilder consumed, all the articles that he needed in his ship-yards, as well as the labour that he employed, were doubled and trebled in value, until at last it was plain that native industry, in the midst of its good fortune, was starving, like Midas in the midst of his wealth.

The ingenuity of protection, which had accomplished so much, was not yet exhausted. To the many intolerable burthens pressing on American commerce, it added one of a most serious nature, by making even the use of the water highways of the Republic a monopoly, and by taxing the transport of the already over-taxed products of American industry. If there is any principle that holds good in commerce, it is that successful trade depends, not only on the price and quality of the article produced, but on the facilities for transporting it cheaply to the consumer. In the case of bulky articles, such as coal, corn, &c., the first of these considerations is often a comparatively secondary one.

One would have supposed that protection, having already taxed American industry almost to death, would at least have given it the same facilities for finding its way to a market which are enjoyed by producers in every other civilized country; but the same lying spirit preached to the Americans that it was necessary to exclude foreign ships from the coasting trade, so as to foster maritime



enterprise. Whilst their deserted ship-yards, therefore, were jealously protected, American shipping, having secured the monopoly of the coasting trade, began to dwindle away even on the inland waters of the United States.

Up to this hour this insane policy has been persevered in by the people of the United States. When the recent proposal for a renewal of the Reciprocity Treaty was made, a very significant delegation on the part of the shipowners of the Lakes waited upon the President, and urged in their behalf a fact which should make American statesmen, and above all American consumers, reflect. They urged that if the coasting trade of the Lakes were thrown open to competition, American shipping would disappear from those inland waters. They alleged, in plain English, that American shipping had been so enfeebled by a vicious system of protection, that it could not exist upon the same waters as British enterprise. This is the more startling, as it cannot be alleged that the *Alabama* found its way into the Lakes, or that the increased use of iron ships had affected the prosperity of the inland commercial marine of the United States. The *Alabama* was indeed a godsend. It solved an infinite number of commercial problems. Whenever the sick man was suffering a fresh spasm from some new attack of protection in some new quarter, there was always the same comforting solution. The *Alabama* was the root of all evil; but this refuge for protection came at last to an untimely end, and the truth had to be faced. The time has at last come when not only the commercial men, but the great bulk of the people of the United States, admit the fact that protection has been a mistake, and are prepared if possible to retrace their steps.

This change in public sentiment has been gradually brought about. "The starvation policy," as the commercial crusade against the people of Canada was aptly termed, is found to be not only a commercial but also a political blunder. The Canadians have been taught a sore but a salutary lesson of self-reliance. They send abroad now their raw products in Canadian ships, manned by Canadian seamen; and the American exporter is everywhere met by Canadian enterprise, which is enabled successfully to enter the lists with its former masters. Manufactories have rapidly grown up in Canada, and Canadian manufactures are now exported to the United States. Colonial enterprise, untrammelled by the heavy taxation of the United States, is able to supply many articles at so low a cost that even a tariff of 25 per cent. is an ineffectual barrier to protect American industry. Messrs. Gooderham and Worts, of Toronto, are enabled to import the raw material for their



distilleries even from the South-Western States, to manufacture a superior article, and then to send it back successfully in the face of a heavy tariff, and to supply American consumers with the cheap products of Canadian industry. Canadian cheese, which formerly found its way to Boston and New York, and was exported as the product of American dairies, is now a successful competitor in European markets. Canadian shipping has gradually increased, and Canadian shipyards present a cheerful scene of constant activity, which strangely contrasts with the sickly spasmodic efforts which American shipbuilding periodically puts forth for the purpose of resuming its former pre-eminence. As a curious illustration of the uselessness of the bounty system and of the futility of protection, it may be mentioned that a liberal grant was made for the purpose of establishing a line of steamers between San Francisco and Japan, which were to be constructed in the United States. American statesmen forget, however, that the hull is not the only costly part of a steamboat. A large portion of the grant, which came out of the taxes of the overburdened American consumers for the purpose of fostering native industry, found its way into the pockets of machinists and mechanics on the Clyde, who supplied the costly engines, machinery, furniture, and fittings for this patriotic line.

Let us hope, however, that there is a new era of wisdom and of prosperity dawning upon the United States. The agricultural interests of the West are finding that they have been forced to pay black-mail by the conspiracy of privileged interests, that have been feeding like a vampire upon the life of the public. The enormous products of the West depend for their value upon the question of transportation. Yearly as the grain-growing area is being extended, the highways of trade are becoming more and more overcrowded, and the exactions of New York shippers and forwarders more obnoxious; and there is a growing spirit among the farmers and grain-dealers of the West in favour of a closer commercial union with the people of Canada, and against a continuance of their industrial subjection to the capitalists of New York. This natural feeling has found a most able and indefatigable advocate in the National Board of Trade of the United States.

In describing the gigantic folly and the ruinous results of American protection, a Canadian finds himself slightly hampered by the fact that Englishmen generally speak with "bated breath" of American affairs, for the agitated state of public feeling in this country on the *Alabama* question, which our Americans would very correctly define as "a scare," and which led to a slight sacrifice

of the rights of our fellow-countrymen in Canada, has not yet subsided.

The reports of the National Board, and the press of the West as well as the East, are as outspoken as I am on the subject. Mr. Edward Atkinson, one of the apostles of Free Trade in the United States, has, in his pungent, trenchant style, denounced the folly and the ruinous results of protection in the United States in terms that, from our morbid dread of wounding the sensibilities of our American cousins, few English would venture to use.

In treating of the burdens upon the transport of grain, the *Chicago Tribune*, quoted by Mr. Hill in his paper read at the meeting of the Social Science Congress at Norwich in 1873, makes some statements that are deserving the serious attention of the people of the West. After alluding to the fact that there were, besides other grains, nearly six millions of bushels of Indian corn in store in Chicago, the *Tribune* says:—

"This grain has been put in store here expressly for lake transportation. The corn cannot be moved in any other way. Behind this stock there are millions of bushels of corn and wheat in the cribs and station warehouses all over the West. The rates demanded for lake transportation from Chicago to Buffalo are 16 cents per bushel for corn, and we are informed that it is proposed to advance these on future charters to 18 cents per bushel. Corn can be moved at present only by water, and the lake carriers are dependent upon the corn crop for their profits. Last season, while the rate was lower than now, vessels earned their own cost in three months' time. At the rates now demanded, the profits will, of course, be greater.

"Now, while there is in one sense no monopoly in lake navigation, and every man is free to put as many vessels afloat as he thinks proper, and charge what he can get, there is a substantial monopoly in the fact that no vessel not exclusively owned in the United States can carry corn or other freight between any two American ports. Canadian vessels may come to Chicago and carry freight to Montreal, but the law prohibits their taking corn from here to Buffalo. Canada has some seven thousand vessels of all kinds afloat, large numbers of which could be brought into Lake Michigan, and assist in carrying off the surplus crop of the West at reasonable rates. But the law prohibits them from so doing. The result is, that the producers of corn in the Western States have to pay monopoly prices on water. Before the opening of the Straits of Mackinaw, and during the whole season, there will be freight offering at Chicago, Milwaukee, and Toledo sufficient to employ twice the number of vessels that will be at those ports to carry it, while there are on Lake Ontario and the St. Lawrence a large number of vessels that would gladly come here to do this business if the law permitted them. Now, let the farmers send up to Congress, in the most emphatic form, their demand that these old prohibitory shipping laws be repealed, and the navigation of the lakes be open to anybody who will put a vessel or a steamer on them."

If the shippers of the West find even nature's water highways have been obstructed by protection, they also discover that the same evil influence meets them on the land.

The great iron roads of the Republic are in the hands of monopolists, who in their turn find that they themselves have to suffer

indirectly from the working of protection. It is estimated that the duty on imported railway iron in 1873 amounted to an aggregate tax of 140,000,000 dols., or 4,000 dols. per mile. The *Chicago Tribune*, referring to this fact, makes the following startling statements :—

“To this must be added the iron needed for annual repairs. But, taking only the figures of the tax on the first cost of construction and equipment, and assuming the whole cost of constructing a railroad at 24,000 per mile, this tax alone would have built 5,843 miles of additional railroad, or nearly twice the length of the railroad from Omaha to San Francisco. This 140,000,000 dols. has to be collected, with profits and compound interest included, out of the corn and other products carried over these roads. To pay this tax, the distance in which corn can be transported by rail has been reduced, and the rates for transportation have been advanced. The man who sold his corn for 35 cents has now to give 10 cents per bushel of that sum to help to refund this tax, and therefore now receives but 25 cents per bushel; and so on, according to the distance, the price of corn recedes in obedience to this well-ascertained law. The gross earnings of all the railroads in the United States, from all sources, in 1871 were 451,000,000 dols., while the tax on the iron alone consumed in the construction of just one-half of these railways was 140,000,000 dols., exceeding one-fourth of the gross earnings of all the railways. Farmers who will attentively read these figures will see how it is that the cost of transportation has been made double what it ought to be, and will discover why it is that, with the increase of railways, the cost of transportation has continually depressed the commercial value of the products transported.”

Mr. Kelly, of Pennsylvania, one of the leaders of the Protectionist party, recently declared that a million of able-bodied, industrious men have been reduced to beggary. At the present time soldiers have to be employed to protect the works of Pennsylvanian coal owners against the crowds of unemployed men that are clamouring for work.\*

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\* The serious effect which the repeal of the Reciprocity Treaty at first had on this branch of Canadian industry is described in a letter from the writer to the *Colonies*, dated January 8th, 1875: “At first it bore heavily on the people of Canada, and was very nearly a success. It was especially disastrous to the people of Nova Scotia. The trade in fish was largely diminished, and the exports of coal were almost reduced to a nominal amount. Peculiar local incidents connected with the Nova Scotian coal trade rendered this policy almost ruinous to it. The immense deposits of coal in that province had only been a few years previously thrown open to private enterprise, by the removal of the monopoly of these mines which had been formerly granted to the Duke of York in order to wipe out his jeweller's bills. His creditors took possession of our black diamonds in payment of his debts, and an association of English capitalists for years held a monopoly of our mines. The expansion of the American trade and the effect of private enterprise and capital soon told on the development of the coal fields of Nova Scotia. From 1859 to 1865 an immense impetus was given to mining industry, which was richly repaid. As an illustration of this, I may mention that one gentleman, a friend of mine, took an assignment of a small interest in an undeveloped coal mine in payment of a debt of £1,500. In a few years his dividend on his share was £1,000. The effect of cutting off the only market for our coal was instantaneous and most ruinous, especially to newly developed and undeveloped coal mines. For a time they became almost valueless; mining stocks became unsaleable; and capital could not be procured for

While monopolists and politicians were starving the consumer, and dwarfing American industry, the commercial men of the United States, and of the whole Continent, were in favour of a more liberal and sensible policy; but though their sentiments were well known, they were unable to exercise any permanent influence at Washington. Professional politicians sneered at these Boards of Trade as intruders upon the domain of politics. In order to ensure their due influence to these representatives of the commerce of the country, the very prudent step was adopted of effecting united action on the part of the National Board of Trade, of the United States, and of the Dominion Board of Trade. When these bodies met, it soon became apparent that the commercial men of the whole Continent were almost unanimously in favour, if not of a free, at least of a fair trade.

For this improved state of public feeling the people of the United States are largely indebted to Mr. Hamilton A. Hill, who has done more than any other man to encourage a liberal commercial spirit on the part of his fellow-countrymen.

Two years ago the National Board memorialised the President in favour of a renewal of the Reciprocity Treaty, and adopted a resolution which, though in advance of the public sentiment of the United States, does credit to their own political sagacity. They recommended that the coasting trade and the registry of shipping should be thrown open to foreign vessels. It is impossible that the repeated expression of their views on the part of commercial bodies representing nearly thirty states of the Union, and practically the whole of the Continent, can be without important ultimate results

the development of our mines on any terms. To intensify the evil, a temporary but most bitter feeling of discontent was excited by the policy of Confederation, and there was every reason to fear that, as respects Nova Scotia, the American policy would have proved a success. The only way to meet the evil was to prove to Americans that their policy was a failure as a political move. I happened, unfortunately for myself, to be largely interested in Nova Scotian coal mines, and as no one could move, I took 'the bull by the horns' myself, and commenced almost single-handed and at my own expense to agitate the Dominion against the American policy. In political matters, it is important to give a dog a bad name if you think hanging would improve him. The scheme of American politicians was therefore christened 'The Starvation Policy.' The name was universally adopted, and in a year or two it 'stank in the nostrils' of the people of Canada, and the country was aroused to a feeling of resistance and self-reliance. A series of lectures delivered before the Boards of Trade of the different provinces, and a pamphlet written at the request of the Canadian Government, and widely circulated by them, met with a very unanimous response. The Government was sustained in what was called the 'self-reliant policy' which they adopted. The proposal that we should tax American imports, that had up till that date been free, and that we should enter the lists with the Americans, and export our products ourselves to the foreign markets of the United States, met with a favourable reception. In a few years the 'starvation policy' proved a palpable failure."

on public opinion. At present, however, the question does not depend upon the people of the United States, still less upon the commercial class of that country. The public is practically ruled by the great railway and manufacturing interests, who are combined together against one common enemy, the free-trader; and who have united to prey upon one common victim, the American consumer.

The question, too, of renewing reciprocal trade, I acknowledge, is involved in some difficulty, and is not likely to be solved without some delay. It must be borne in mind that almost the whole of North America is inhabited by the English race, and is divided into two countries by an imaginary line stretched across the Continent many thousands of miles, from ocean to ocean. It is self-apparent that to maintain a line of custom-houses, and the host of officials who are necessary in order to sustain opposing tariffs, must be an enormous loss to the people of the whole Continent. It is an axiom in trade that the near market is always more profitable than the distant one. The cost of long voyages, and of freights, insurance, commission, agency, &c. must be borne by some one, and that some one is ultimately the consumer. The quick returns, therefore, of home trade are in the long run more remunerative and more satisfactory than those of a distant market. Nature has undoubtedly intended that Canada should be the home market for the products of American industry; that the United States should in the same way supply an outlet for the manufactures and natural products of British America.

At the first conference of the Councils of the two Boards of Trade, held in Boston, the idea of a Zollverein, a favourite one with the Hon. John Young, at that time President of the National Dominion Board, was mooted by the President of the National Board of Trade of the United States. As a commercial suggestion, there can be little doubt that it was a sensible and a wise one. It is impossible that in all respects the people of England can be placed upon the same footing in Canadian markets as the Americans. Nature has discriminated in favour of American trade by the interposition of the Atlantic Ocean; and until we can abolish this obstacle to perfect equality and to perfect free-trade, English exporters to Canada must always labour under a disadvantage in competing with American industry. Mr. Young's idea of a Zollverein was discarded at the Boston conference as impracticable as well as imprudent. That something of the sort must ultimately become a necessity there can be but little doubt; but it belongs to the future, and not to the present. So highly, however, did the commercial

men of Canada resent this proposition of a Zollverein by the President of the Dominion Board, that, although its commercial merits could not be denied, they removed him from his position, and ultimately from his seat in the Council of that body, because he had suggested a scheme which, while advantageous to the commercial interests of Canada, trenched upon those of British merchants.

It must be remembered, in justice to Mr. Young, that at the time when this discussion took place the people of Canada were constantly informed, even by officials sent out in Her Majesty's name, as well as by the press and the public men of Great Britain, that they were at liberty to go whenever they liked, and that the Colonies were not a paying speculation. Mr. Young, who is one of the most able and far-seeing commercial men of the New World, had as much right to consult the interests of his native country as English politicians and English commercial men had to discuss the question of dismembering the Empire because they hastily assumed that it did not pay. The conduct of the Dominion Board of Trade is a conclusive proof that Colonial loyalty may yet be found to be of commercial value, and to be profitable to British trade; and that no class is more deeply interested in preserving the unity of the Empire, and in fostering a national sentiment throughout the Colonies, than the commercial men of Great Britain. The first form of disintegration will be seen, not in politics, but in trade. It will be the merchants of England whom the shoe will first pinch. They will suffer from Zollvereins long before the statesmen of the Empire will be forced to face the question of political dismemberment.

The contrast presented by the United States and the New Dominion should teach us a useful lesson. In the one case we have monopolists deluding the people into excluding English products, as a matter of patriotism; in the other, we have hard-headed commercial men shutting their eyes to pounds, shillings, and pence, and remembering only the fact that even in commerce they owe allegiance to the Empire.

#### DISCUSSION.

Mr. TOWN said he had listened with a great deal of attention to what had fallen from the learned lecturer, but he must confess he could not exactly agree with all Mr. Haliburton had said, when speaking of the Americans in contradistinction to their Colonial position to England. It was true Colonists had not advanced in

the scale of nationality as Americans had ; but that was altogether the fault and mismanagement of England. Everyone agreed that the North American Colonies had taken a new step by Confederation, and as they were now in Confederation, whatever may be individual objections to its crude powers of constitution, they should do everything to advance their position, for he believed it to be the best and firmest position for them under a careful remodel of the hasty Act of Association of 1867. Many persons had taken credit to themselves, and succeeded in being rewarded, as the originators of the system ; but the question is an old one, and not creditable to the memory of statesmen of the early days of the century. In 1783, when Confederation was proposed by the Colonists to the Imperial Government, in order to enable them to keep pace with the growing prosperity of the American States, who were rapidly realising the advantages of consolidation, the British Government objected to their views ; and among those who subsequently impressed the Confederation of North American Provinces on the notice of Earl Bathurst, was His Royal Highness the Duke of Kent, the father of her present Majesty, whose experience and clairvoyance, during years of military service in those possessions of the Crown, convinced His Royal Highness of the necessity of a policy by which, if it had been adopted at that time, we should have grown ere this into an Atlantic Empire of population, power, and position, not inferior to the United States, and worthy the rule of one of the sons of our Sovereign Queen. Under these circumstances we are not to be blamed, if for the last ninety years of mismanagement we have failed to induce emigration, and fill up our land with those who in seeking homes preferred centralisation and fixed nationality to disjointed nondescript territories. He was astonished to see gentlemen desirous of taking from them the right of making treaties and tariffs, by interfering with the Minister controlling the Colonial Department, so far as to induce his Lordship to interpose his authority in the question of reciprocity. Their fathers dated far back in the early annals of Colonization, and he thought the Imperial Government did wrong when they interfered with their right of making a Reciprocity Treaty with the United States. They claimed it as their right, otherwise the Act of 1867 was a farce and a delusion, and no better than the constitution now on its way to the cannibals of Fiji, who receive instructions direct from Downing-street, and the Dominion expend their ability and experience in their wants in making suitable Acts, which are dependent on the whim of the Secretary of State of the Colonies to become law, or consigned to the tomb of the Capulets.



No Colonial Empire can exist with a check-string on its treaties, tariffs, and commerce, to be at the mercy of the operator 3,000 miles away. Colonial policy has been hitherto a blunder and a hard struggle with our fathers and ourselves, and we trust in the future at least we may hope to receive some fair play under the trying task of national competition.

Mr. Godson said if he had not known Mr. Haliburton as a Canadian, he should have imagined he was an American coming from the Western United States. If at the time of the war the question had been properly taken up, no doubt some of the Western States would have joined the Southern States, so as to have got rid of the present system in the States, which was set on foot in favour of themselves by the Eastern provinces at the expense of the Western. It was said the reason why Canada was so successful, was because she had got rid of the Reciprocity Treaty; but if that were so, why was she in such a hurry to get it back again? If it were against her interest before, it would be against her interest now and hereafter. As far as reciprocity was concerned no doubt it was against the interest of England. Canada has before done many things to affect her interest with England; the duties were enormously heavy between England and Canada; in fact, there was very little difference between them and those between the United States and England. The Americans after the war had to raise money somehow, and they wisely put their hands in other persons' pockets and protected their own trade, as they thought. The reason for the trade going down in the United States was not so much in consequence of the system of protection, as from the fact, among other reasons, that all the best lands up West had been taken possession of. If a man went out there now as a farmer to grow corn, he would soon come back disgusted, for he would find the only land to be obtained was that of an inferior quality, far in the interior, and some distance from the railways. The Eastern States were running far too fast for the Western States, building extensive factories and so on out of proportion, thinking that was all they had to do to make trade; and now they had to suffer for it. Mr. Haliburton was in error in his statement about the ships on the inland lakes, for the people usually found a loophole to get through such regulations when it suited them, and as is always done here in Acts of Parliament. This is effected in the following manner: a Canadian ship loading at Chicago would merely have to put into a Canadian port, and then proceed to Buffalo to unload. This is done on the upper lakes every day. The touching at a Canadian port does away with the original bill of lading, which is drawn out

to that port, and then a new one is taken out from that port on to the United States one that they originally determined to unload at. He thought Canada was in a better condition than ever it was before, and that it could now go on successfully without any such change as that proposed being requisite for its further welfare.

Mr. BEAUMONT said he felt embarrassed at being called on to speak, as he came to the meeting in a state of ignorance upon the subject, wishful to learn, but not knowing the position of the matter to be put forward to the Society. His remarks must be of a somewhat general character. He had supposed the question would be, What was the policy in connection with Canadian politics? Was it a policy desirable to be advanced by public opinion, legislation, and national sympathy, so far as these had to do with it? As they had been told, the question raised was one of great importance, being, What were the true commercial relations between Canada and the United States? That which in theory might have seemed to be an unfortunate step on the part of those who had abandoned the Reciprocity Treaty, had by accident afforded a very useful stimulus to Canadian trade, because it threw upon them the obligation of self-dependence, and proved to them, under that stimulus, that they were able to stand, apart from the commercial support of the United States, which seemed hardly to be considered possible before. It had been said, if that were so we should wholly forego any Reciprocity Treaty. Taking that as a question upon which two opinions might be given, he did not think it followed that because the interruption of the Reciprocity Treaty had taught Canada a truer measure of her resources, its renewal on a satisfactory basis might not produce valuable results. He thought it consistent with the principles of free trade to look the matter fairly in the face, seeing that the glory and the logic of free trade was, that commerce was not a game of "beggar my neighbour," but its object was to enrich one's neighbour as one's self. This should put an end to the jealousies which, up to that moment, had too often been the guiding influence of policy and legislation, and now that Canada had by happy accident of her neighbour's jealousy as to commercial intercourse, been able to extend its commerce and resources so greatly as it has done, let these be brought into the field, and get an extended and extending system of free commerce with the United States, and they would soon see a greater extension of wealth and commercial and friendly intercourse than had ever hitherto been known. Whether that system would be best advanced by a treaty of reciprocity between Canada and the United States or

not, it appeared clear that the fact of Canada having done well since the system was in abeyance, was no real argument against the application of free trade, and those natural and practical modifications of absolute freedom by which, having regard to their special situations, countries might be brought into the most intimate relationship with one another, to their mutual improvement, emulation, and increased welfare. The question might arise, how far an organised system of reciprocity might be supposed to affect the interest of the Empire, or of the mother country in connection with its Colonies, and that was a question important to be kept in view, but a far larger question than could be discussed that evening. Fortunately, as Mr. Haliburton had made plain, there was no antagonism to be feared on the part of Canada, nor, we would hope, any tendency to overbearing or encroachment on the part of her mother country. Indeed, there is no reason for jealousy upon the subject of reciprocity between the Dominion of Canada and the United States. He had expected to hear some details upon the protection duties, which, it had been said, were to be apprehended, to the prejudice of English manufactures and importers. But that question had only been glanced at, and as he had not learned how the questions as to protection had in fact arisen and been dealt with, he would not venture to discuss so serious a question. It was, however, a fallacy to suppose that the system of custom duties, or any other duties, were to be regulated for the special advantage of the merchants at home, especially now that we gave no privileges to Colonial merchants. In all such matters the question was one of degree, of practical and fair adjustment, taking care that your motive was not wrong, and that you had no desire of excluding the just privilege and opportunity of British merchants, at least as much as others, having free access to the markets of the country. Equality is indeed equity, but that must not be the equality of Procrustes' bed, and where there are questions of local interest, or considerations of a special nature as to whether articles of Colonial commerce should be dealt with upon one system or another, it would be out of place on the part of the mother country, and is not to be expected from her, that she shall assume an air of dog-in-the-manger jealousy upon such a matter. How unbecoming that would be may be made apparent, not only on considering general principles, but the vast revenue which England raises upon imports from her Colonies. When this is borne in mind, the fond ideas of those who treat our Colonies as a burden to us, appear fairly to rank with that equally unfounded one, that Colonial duties are unjust to the mother country. Both

are alike preposterous. On this topic he might advert, before sitting down, to the case, as well illustrated by the Colony where he first learned the pregnant importance of Colonial questions, viz. British Guiana. When it was remembered, and it was the fact (though it might seem hardly credible), that from that Colony, with a population of only about 200,000 souls, we have imported, for a series of years, products of a value exceeding £2,000,000, and upon these have raised a revenue for the Imperial customs of over half a million yearly, it did seem rather too much to say that the Colony might not fairly raise £50,000, or £60,000, or £1,100,000 for its local interests by way of duties upon its imports from England. Some people said there would be a time when the revenue would not be raised by custom dues, but he could not see that that day was near at hand. It seemed to him that the true test of free trade was to deal in a liberal spirit, not applying one rule to all varying cases, but always remembering, as he had before said, that trade should not be a game of "beggar your neighbour," but that there should be equality in spirit, fairness in dealing, consistently applied to the other general principles proper to practical subjects.

Mr. F. Young said he took it that the principle of free trade was so perfectly admitted in this country, that everyone at the present time considered it as the principle which ought to govern the relations of the whole world. If that was admitted, he presumed they must consider the paper which had been read showed on those principles conclusively that the American system of protection was a mistake and a failure entirely. He was inclined to think that some of the reasons given by Mr. Haliburton for the apparent failure of the trade of the United States were not necessarily entirely due to the system of protection which was prevalent in those States. Sufficient weight had hardly been given to the serious war which took place a few years ago between the North and South, which no doubt had had a serious effect, in addition to the *Alabama* question, upon the American carrying trade; but at the same time there could be no doubt, according to the principles now received in this country by all classes, that perfect freedom of trade was the best possible thing to assume for all countries, and Englishmen were anxious to preach that doctrine to all nations of the world. But if that principle were correct, it was necessary that all nations should follow their example, and as long as they did not, certain results, which otherwise would be successful, could not be pronounced to be so. In the case of the United States, when England did away with the Navigation Laws, one of the great reasons put

forward by the advocates of those laws in this country was, that America, which professed to get great advantage from our permitting her ships to come into English and Colonial ports, preserved her coasting trade to herself, and that in return for the opening of our trade to her, she should have done the same. In cases of this kind, as in all others, he considered that the principle should be, give and take, for the only way in which trade could be thoroughly successful, was by a free exchange of all commodities without any duties whatever. If that principle were carried out to its fullest extent they must occasionally find themselves involved in the necessity of giving up something they would rather not; and in the particular case of the proposed reciprocity between Canada and the United States, it was clear if the United States did away with the objectionable duties against Canada, English merchants would suffer from it. If they were true to their principles he thought they were bound to admit that disadvantage, if it were so, because if the trade between Canada and the United States were free, it would afford certain advantages to those two countries, while against those living further off, and having the Atlantic Ocean intervening, it would be a physical bar. If their principles were worth anything they must be true to them, and admit their application, even when it should appear to be to their disadvantage. He was the son of Mr. Geo. Fred. Young, who was one of the most ardent protectionists of his day, and who was known as representing the principle of protection as ably as it could be done; but he could not himself concur in the principles which his father had most ably advocated, for he believed it was now admitted all over England that those principles were unsound, and injurious to the development of trade.

Mr. LABILLIERE wished to say a few words upon the aspect of the question as bearing upon the Australian Colonies. He thought those Colonies might learn an exceedingly useful lesson from the paper which had been read by Mr. Haliburton. Australia stood out in the Pacific Ocean separated from the rest of the world, having a vast extent of seaboard and many valuable harbours, and if she knew how to manage her affairs aright, she might become one of the greatest maritime countries of the world. He thought Mr. Haliburton had conclusively proved that protection had been the destruction of the mercantile marine of the United States, and that if persisted in in the Australian Colonies, it would prevent them from acquiring that mercantile marine which they had such opportunities for doing. Some doubt had been thrown upon Mr. Haliburton's assertion accounting for the falling off in the mercantile marine of

the United States, but he thought the cause of decline was mainly the evil policy of protection. He quite agreed with Mr. Young when he said that the Civil War struck a very serious blow at the mercantile marine of the United States, but that war had ceased for a sufficient time to have enabled the United States to have recovered to a considerable degree, if not entirely, that position which she occupied as a nation with a large commercial navy. There could be no doubt that Mr. Haliburton had hit on the right cause when he said that protection had been the destruction of that navy more than the *Alabama* and the *Shenandoah*, which had been at the bottom of the sea for ten years. But how was it that while the mercantile marine of the United States had declined, the mercantile marine of Canada had risen? The fact that Canada had acquired the third greatest mercantile marine in the world, whilst, with the rise of protection, the mercantile marine had declined in the United States and had risen in the Dominion, was the strongest evidence that protection was the chief cause of the destruction of the commercial navy of the former. The reciprocity question required to be dealt with with a considerable amount of care, for it would be preposterous that Colonies like Australia, with merely imaginary inland boundaries, should not be allowed to enter into reciprocal arrangements amongst themselves, but be required to impose taxes upon each other similar to those imposed upon imports introduced into Australia from the seaboard. He thought the concession made by the Imperial Government two or three sessions ago a wise one; but it was different when they proposed to allow a portion of the Empire to enter into reciprocal arrangements with a foreign State, whereby the productions of that State were more highly favoured than those of our own fellow-subjects. Whilst they allowed reciprocity for the sake of convenience between communities within the Empire, he did not think they should allow reciprocity between a community within the Empire and a community without the Empire, to the disadvantage of any section of their own people. The true fiscal policy was one of simplicity—a policy of taxation, whereby they could raise revenue in the most convenient way possible; and if that policy were true of old communities, it was much more true of new communities, like the Colonies with long frontiers. It was a very unwise thing for them to attempt to raise revenue by a complicated discriminating system, whereby taxes were put on this and that commodity imported or produced within the limits of the territory; for the more elaborate the system of tariff, the more difficult it was to enforce it, especially in a new country. The experience of the United States and Canada showed them that

protection was the folly of political economy, and that free trade was the common-sense of political economy.

Dr. COGSWELL said one matter had escaped attention that evening, but perhaps the importance he attached to it was rather peculiar. In former times a differential duty was imposed by the Colonies in favour of the mother country, the effect being that while the mother country enjoyed the trade of the Colonies, the revenue was raised at the expense of foreigners. When free trade was introduced, it was the policy of the day to be very liberal, and one of the ideas was that the differential duty was wrong and selfish, and therefore it was abolished. The Colonies were then obliged to impose equal duties on British goods as on foreign goods. Immediately on that being done, an outcry was raised against British productions being taxed as much as foreign goods. His idea with regard to the policy of England towards the Colonies would be simply this, that the Colonies should give them the advantage of their trade, imposing a differential duty on foreigners in favour of England, and then they would give them the protection of their army and navy. But if the Colony was to raise its own forces, it could not be done without taxation, and therefore English prepared goods would have to be equally taxed with foreign goods.

Mr. BRUCE SMITH said that Mr. Labilliere had given Mr. Haliburton credit for having solved the question which was causing so much loss of property to America, and had remarked that it should be a great lesson to the Australian Colonies. Regret had been expressed that the Australian policies were not represented, but he had the honour of coming from that country, and had during the greater part of his life watched the political progress of Victoria. That Colony was now suffering from a heavy protective tariff, but Mr. Haliburton had not solved the question. He had given the cause and the result, but had altogether failed in tracing the effect from the cause which he gave. He wished to express his disappointment that the essay only gave historical facts, and no information as to how they were to get out of the difficulty. He had himself brought forward a plan to introduce a declining tariff, and having spoken to a great many leading manufacturers in Victoria, they admitted that the object of protection was to foster manufactures. As they seemed to think it would take ten years to foster them, his plan was to bind them down to ten years, and compel them to submit to it in a state of decline: if they manufactured at twenty per cent. the first year, it should be eighteen per cent. the next year, and so on until the tariff died out altogether.



Mr. HALIBURTON said that, in confining his paper to an historical sketch of ten years of protection in the United States and its results, he had selected a wide field, to which justice could hardly be done in the course of one evening. He had carefully avoided going beyond even this wide subject, and speaking not only of what had been the history of that period, but also of what ought, in the future, to be the policy of statesmen in dealing with the question of protection. Scores of papers might be written on the subject of protection as respects the commerce and industry of the United States, Canada, and the mother country, and the relations of England with her Colonies, and with foreign countries. As regards the effects of protection on the commerce and industry of the United States, he had devoted several years' attention to the subject, not as a theorist, but as a practical advocate of free trade. All the various points touched on by him had been discussed by him in the presence of the Council of the National Board of Trade, and at social meetings of the commercial men of Boston, to which as a delegate from the maritime provinces he had been invited in 1871. In order to bring the commercial sentiment of the continent to bear on politicians, he had been the means of bringing about a series of international conferences of the Boards of Trade of North America, who had almost unanimously recommended to the American Government to abandon the present restrictions on the foreign trade of the Republic. He had also been able to submit this paper to the criticism of the late Secretary of the National Board of Trade, and also of a very leading American authority on commercial subjects. These facts would show that he had had every chance of drawing correct inferences as to the history of the commercial policy of the United States, and would justify him in his belief—a belief shared in by a large majority of the merchants and business men of the United States—that the present depressed state of American trade was mainly due to the artificial restraints which had been imposed upon it. The subjects touched upon by him were connected with a most important, as well as a most difficult question, for the mastery of which very careful study and reflection were absolutely necessary.

The CHAIRMAN (Mr. Freeland) said Mr. Haliburton had mentioned a name which he was sure would be received with honour in their country—he referred to the name of Monsieur Michel Chevalier. He (the Chairman) had had the pleasure of dining next to M. Chevalier at a club close by the other day, and although he certainly showed some signs of increasing age, still in spirit and devotion to those great principles of which, in a neighbouring country, he had been

so powerful an advocate, there were no traces of declining energy or of decay. Many matters had been alluded to in connection with the principles of free trade, with a great many of which he thought that everyone would cordially agree. Mr. Haliburton had alluded to empty ship-yards, and what he called a starvation policy, as the results of protection; and he thought that throughout Europe and the world they were progressing to a state of things in which the principle of protection would be regarded not only as a great crime, but also as a great economical blunder. If there were one part of the paper more than another with which he agreed, it was the part referring to the iron roads in America, showing how the false principle of legislation had affected the gigantic roads which carried food to the people; for everyone knew it was an advantage for free commercial traffic to flow over good roads. He wished that Mr. Haliburton had told them more, and had given them some details as to the present state, principles, and results of the Canadian tariff, as well as the changes, if any, of which it might stand in need, which he was fully competent to do. He thought they were greatly indebted to Mr. Beaumont for the valuable practical observations which he had made, and especially for his remark that the principle of trade should be one of enriching, and not of begging your neighbour. He believed that everyone present would echo that sentiment. As regarded America and Canada, they should view the progress of any principle which led to a more enlightened commercial or other intercourse between Americans and Canadians, with no miserable feelings of insular jealousy, but with a feeling that their great descendants were carrying out on the other side of the Atlantic those principles of progress, the ultimate triumph of which it would, he hoped, be their glory and privilege to witness. He thought it was not too much to say, that those present were all convinced that the gospel of protection was the gospel of suicidal selfishness; that the gospel of free trade was the gospel, not only of material and commercial well-being, but also of Christian civilization as well as of international peace and goodwill. With the progress of free trade principles in England were associated the names of Huskisson, of Peel, of Cobden, of Charles Villiers, of John Bright, and he hoped that if not those present, their descendants, at all events, were destined to witness the entire triumph of those principles throughout the civilised world. In conclusion, he begged to propose that the best thanks of the meeting be presented to Mr. Haliburton for his valuable paper.